

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR’S FINAL REPORT REGARDING THE AMENDED
FINAL APPLICATION OF ALAN B. RICH FOR COMPENSATION
FOR SERVICES AND REIMBURSEMENT OF EXPENSES FOR THE
PERIOD FROM SEPTEMBER 29, 2008 THROUGH FEBRUARY 3, 2014**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Amended Final Fee Application of Alan B. Rich for Compensation for Services and Reimbursement of Expenses for the Period from September 29, 2008 through February 4, 2014 (the “Application”).

BACKGROUND

1. Alan B. Rich (“Mr. Rich”) was retained as counsel to the Honorable Alexander M. Sanders, Jr., the Legal Representative for Future Asbestos-Related Property Damage Claimants. In the Application, Mr. Rich seeks approval of fees and expenses as follows: fees totaling \$68,325.00 and expenses totaling \$5,236.11 for his services from January 1, 2014, through February 3, 2014 (the “Fifty-Second Interim Application Period”); and final approval of fees totaling \$1,461,195.50¹ and

¹We note that the total of the fees requested in Mr. Rich’s 21 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$1,463,368.00. It appears that Mr. Rich has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 7, to arrive at the figure he seeks of \$1,461,195.50. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

expenses totaling \$81,420.85² for his services from September 29, 2008 through February 3, 2014 (the "Final Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Mr. Rich based upon our review, and we received a response from Mr. Rich, portions of which response are quoted herein.

DISCUSSION

Fifty-Second Interim Application Period

3. We noted that although Mr. Rich requested fees of \$54,825.00 for January 2014, we calculated Mr. Rich's fees for January 2014 at \$54,675.00,³ for a difference of \$150.00. We asked

²We note that the total of the expenses requested in Mr. Rich's 21 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$81,392.85. It appears that Mr. Rich has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 7, to arrive at the figure he seeks of \$81,420.85. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

³The reason for the difference is that we totaled 72.90 hours of time, while the fees billed were for 73.1 hours.

Mr. Rich about this discrepancy, and he responded: “I agree with your corrections to my 52nd interim period application...” We appreciate Mr. Rich’s response and recommend a reduction of \$150.00 in fees.

4. We noted that the expense detail was missing from Mr. Rich’s February 2014 monthly fee application. Mr. Rich supplied the expense detail pursuant to our request. *See Response Exhibit 1*. We reviewed the expense detail and have no objection to these expenses.

5. Thus, we recommend approval of \$68,175.00 in fees (\$68,325.00 minus \$150.00) and \$5,236.11 in expenses for Mr. Rich’s services for the Fifty-Second Interim Period.

Final Application Period

6. We noted that Mr. Rich requested final approval of fees totaling \$1,461,195.50. However, we calculated Mr. Rich’s final fee award at \$1,461,160.50,⁴ for a difference of \$35.00. We also noted that Mr. Rich requested final approval of expenses totaling \$81,420.85, but we calculated his final expenses at \$81,402.85, for a difference of \$18.00. We provided our calculations to Mr. Rich, and he responded: “I agree with your ... proposed corrections to my final fee application.” We appreciate Mr. Rich’s response and recommend that his final fee request be reduced by \$35.00 and his final expense request be reduced by \$18.00.

Prior Interim Applications

7. We note that we previously filed the following final reports for Mr. Rich’s prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Mr. Rich’s prior interim fee applications:

⁴This figure does not reflect our recommended fee reduction for the Fifty-Second Interim Period.

- 31st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-First Interim Period (Docket #22047), filed on or about June 10, 2009, in which we recommended approval of fees totaling \$104,133.00 and expenses totaling \$10,007.86. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-First Period, dated July 7, 2009 (Docket #22354).
- 32nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Second Interim Period (Docket #23240), filed on or about September 15, 2009, in which we recommended approval of fees totaling \$114,425.00 and expenses totaling \$9,694.20. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Second Period, dated September 28, 2009 (Docket #23352).
- 33rd Period: Fee Auditor's Final Report Regarding Fee Application of Alan B. Rich for the Thirty-Third Interim Period (Docket #23767), filed on or about November 16, 2009, in which we recommended approval of fees totaling \$173,880.00 and expenses totaling \$15,682.72, reflecting our recommended reduction of \$1,437.50 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).
- 34th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee

Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fourth Interim Period (Docket #24438), filed on or about March 11, 2010, in which we recommended approval of fees totaling \$202,402.50 and expenses totaling \$16,828.62. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fourth Period, dated March 19, 2010 (Docket #24470).

35th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fifth Interim Period (Docket #24856), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$65,280.00 and expenses totaling \$2,541.51. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).

36th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Sixth Interim Period (Docket #25384), filed on or about September 10, 2010, in which we recommended approval of fees totaling \$54,600.00 and expenses totaling \$2,752.84. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).

37th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Seventh Interim Period (Docket

#25850), filed on or about December 2, 2010, in which we recommended approval of fees totaling \$33,300.00 and expenses totaling \$1,629.09. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).

38th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$23,460.00 and expenses totaling \$511.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).

39th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Ninth Interim Period (Docket #27116), filed on or about June 21, 2011, in which we recommended approval of fees totaling \$28,740.00 and expenses totaling \$1,190.02, reflecting our recommended reduction of \$25.00 in fees, as further explained in footnote 9 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Ninth Period, dated June 30, 2011 (Docket #27188).

40th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth

Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$52,585.00 and expenses totaling \$2,957.53. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011 (Docket #27622).

41st Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-First Interim Period (Docket #28070), filed on or about December 2, 2011, in which we recommended approval of fees totaling \$68,900.00 and expenses totaling \$820.65. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-First Period, dated December 14, 2011 (Docket #28150).

42nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we recommended approval of fees totaling \$29,120.00 and expenses totaling \$20.88. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

43rd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Third Interim Period (Docket #28900), filed on or about May 9, 2012, in which we

recommended approval of fees totaling \$19,955.00 and expenses totaling \$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Third Period, dated June 14, 2012 (Docket #29054).

44th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fourth Interim Period (Docket #29449), filed on or about August 13, 2012, in which we recommended approval of fees totaling \$37,180.00 and expenses totaling \$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fourth Period, dated October 19, 2012 (Docket #29746).

45th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$59,865.00 and expenses totaling \$4,005.28. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we recommended approval of fees totaling \$57,750.00 and expenses totaling

\$565.23. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period, dated March 27, 2013 (Docket #30440).

47th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$48,370.00 and expenses totaling \$369.28. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

48th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Eighth Interim Period (Docket #31080), filed on or about September 6, 2013, in which we recommended approval of fees totaling \$63,350.00 and expenses totaling \$738.15. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Eighth Period, dated September 24, 2013 (Docket #31158).

49th Period: Fee Auditor's Final Report Regarding the Nineteenth Quarterly Fee Application of Alan B. Rich for the Forty-Ninth Quarterly Period from April 1, 2013, through June 30, 2013 (Docket #31288), filed on or about October 31, 2013, in which we recommended approval of fees totaling \$78,815.00 and expenses totaling \$4,794.57, reflecting our recommended reduction of

\$820.00 in fees, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17, 2013 (Docket #31482).

50th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fiftieth Interim Period (Docket #31838), filed on or about March 11, 2014, in which we recommended approval of fees totaling \$39,150.00 and expenses totaling \$317.83, reflecting our recommended increase of \$75.00 in fees and \$10.00 in expenses, as further explained in footnotes 15 and 16 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fiftieth Period, dated March 31, 2014 (Docket #31963).

51st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$37,575.00 and expenses totaling \$679.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

8. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods.

CONCLUSION

9. Thus, we recommend final approval of \$1,461,010.50 in fees (\$1,461,195.50⁵ minus \$185.00)⁶ and \$81,402.85 in expenses (\$81,420.85⁷ minus \$18.00)⁸ for Mr. Rich's services for the Final Application Period.

⁵We note that the total of the fees requested in Mr. Rich's 21 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$1,463,368.00. It appears that Mr. Rich has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 7, to arrive at the figure he seeks of \$1,461,195.50. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁶This amount is the sum of our recommended reduction of \$150.00 for the Fifty-Second Interim Period (*see* paragraph 3) plus our recommended reduction of \$35.00 to correct an error in Mr. Rich's final fee request (*see* paragraph 6).

⁷We note that the total of the expenses requested in Mr. Rich's 21 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$81,392.85. It appears that Mr. Rich has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 7, to arrive at the figure he seeks of \$81,420.85. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁸This is the amount of our recommended reduction to correct an error in Mr. Rich's final expense request (*see* paragraph 6).

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 5th day of August, 2014.



Warren H. Smith

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